

SUPPLEMENTAL BUDGET

Agency 107

Washington State Health Care Authority

Recommendation Summary

Dollars in Thousands

	FY 15 FTEs	General Fund State	Other Funds	Total Funds
2013-15 Expenditure Authority	1,123.9	4,306,730	8,864,515	13,171,245
Supplemental Changes				
Utilization Changes		(68,411)	(553,951)	(622,362)
Medicare Parts A and B		(1,110)	(1,111)	(2,221)
Medicare Part D Clawback		(735)		(735)
Managed Care-Family		(535)	(74)	(609)
Managed Care-Disabled		19,880	19,904	39,784
Managed Care Expansion			(475,664)	(475,664)
Language Access Providers Collective Bargaining		28	49	77
Health Home Program		1,467	(17,961)	(16,494)
Lean Management		(5,300)		(5,300)
Dental/Orthodontic Adjustments		(4,159)		(4,159)
Clinic Delivery Payments		(2,000)		(2,000)
Insurer Tax under ACA		630	19,899	20,529
FMAP Expansion		(2,296)	2,296	
Hospital Safety Net Payment Adjustment			43,023	43,023
Certified Public Expenditure Adjustment		10,396		10,396
Improve Hepatitis C Treatment		65,730	206,760	272,490
Delay of ICD-10 Modifications			(655)	(655)
Support Health Benefit Exchange Shared Costs			4,278	4,278
Moore, et al. v. HCA Litigation			1,500	1,500
Support Health Homes Strategy		1,467	(17,953)	(16,486)
Washington Health Benefit Exchange Operations			8,943	8,943
Purchase Vaccines for Childrens Health Program Enrollees		733		733
Mandatory Caseload Adjustments		(80,740)	1,343,956	1,263,216
Federal Funding Adjustment			380,590	380,590
Community Health Centers			1,526	1,526
Agency Efficiency Savings		(11,459)		(11,459)
Central Services Efficiency Savings		(57)		(57)
Subtotal - Supplemental Changes		(76,471)	965,355	888,884
Total Proposed Budget	1,123.9	4,230,259	9,829,870	14,060,129
Difference		(76,471)	965,355	888,884
Percent Change	0.0%	(1.8)%	10.9%	6.7%

SUPPLEMENTAL CHANGES

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Utilization Changes

Funding is provided to align projected costs with projected utilization changes in medical services for Health Care Authority (HCA) clients as identified in the November 2014 Medical Assistance maintenance level forecast. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

Medicare Parts A and B

Funding is provided for projected Medicare Part A and Part B premiums paid by the state for dually eligible Medicaid and Medicare clients. Projected expenditures are based upon the November 2014 Medical Assistance forecast. (General Fund-State, General Fund-Federal)

Medicare Part D Clawback

Funding is provided for Medicare Part D clawback based on November 2014 forecasted expenditures.

Managed Care-Family

Actuarial rate adjustments are made to managed care organization capitation rates for calendar year 2015. Final capitation rates remain flat and represent an aggregate increase of 1.5 percent for the Apple Health family program and a decrease in Delivery Case Rate and Low Birth Weight programs. (General Fund-State, General Fund-Federal)

Managed Care-Disabled

Actuarial rate adjustments are made to managed care organization capitation rates for calendar year 2015. Final capitation rates represent an aggregate increase of 10.5 percent for the Aged, Blind and Disabled program. (General Fund-State, General Fund-Federal)

Managed Care Expansion

Actuarial rate adjustments are made to managed care organization capitation rates for calendar year 2015. Final capitation rates represent an aggregate decrease of 31.8 percent for the Apple Health adult clients who are newly eligible under the Affordable Care Act. (General Fund-Federal)

Language Access Providers Collective Bargaining

Funding is provided for adjustments pursuant to the collective bargaining agreement with language access providers. (General Fund-State, General Fund-Federal)

Health Home Program

The Health Home program is the bridge to integrate care within existing care systems for high-risk, high-cost adults and children, including dual eligibles. Funding is provided to continue services for Phase I of this program. (General Fund-State, General Fund-Federal)

Lean Management

General Fund-State reductions are taken pursuant to ongoing LEAN management expectations.

Dental/Orthodontic Adjustments

Effective September 1, 2014, the Health Care Authority (HCA) implemented two dental-related savings measures. First, the agency stopped paying two separate encounter fees to Federally Qualified Health Centers and Rural Health Clinics for Medicaid clients receiving both dental fluoride treatment and sealants on the same day. Over 24,000 Medicaid clients per year receive both services on the same day at the same clinic. Secondly, the agency lowered payment rates for orthodontic services by 22 percent. Over 21,000 Medicaid clients receive orthodontic services per year.

Clinic Delivery Payments

Effective September 1, 2014, the HCA stopped the Delivery Case and S-Kicker Rate to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for labor and delivery services. The state already compensates the clinics at cost for these services. Over 26,000 Medicaid clients receive labor and delivery services from FQHCs and RHCs each year.

Insurer Tax under ACA

Effective January 1, 2014, the federal Affordable Care Act (ACA) imposed an annual fee on health insurance providers based on net written premiums. This is a permanent fee estimated at 1.5 percent of premiums. Nonprofit insurers who receive more than 80 percent of their premium revenue from Medicare, Medicaid, the Children's Health Insurance Program, and dual-eligible (Medicare and Medicaid) plans are exempt from the fee. (General Fund-State, General Fund-Federal)

FMAP Expansion

As an incentive to participate in the Affordable Care Act (ACA) Medicaid expansion, early adopter states can collect an increased Federal Medical Assistance Percentage (FMAP) for Presumptive SSI clients. Beginning at the standard 75 percent FMAP, expansion states will receive increased FMAP up to 90 percent by 2020. (General Fund-State, General Fund-Federal)

Hospital Safety Net Payment Adjustment

An adjustment to the Hospital Safety Net Assessment (HSNA) program funding is provided to increase General Fund-Federal and decrease HSNA Account appropriations. The funding changes are necessary to support Safety Net payments on Managed Care premiums for clients covered under the ACA. (General Fund-Federal, Hospital Safety Net Assessment Account-State)

Certified Public Expenditure Adjustment

An adjustment is made for the Certified Public Expenditure (CPE) program to ensure that funding is sufficient to support anticipated hold harmless grants and cost settlement payments.

Improve Hepatitis C Treatment

New oral Hepatitis C treatment has been approved by the federal Food and Drug Administration, which improves the success rate for treatment. An estimated 3,468 Medicaid clients will receive this treatment during fiscal year 2015. Available research data estimates that up to 90 percent of those treated could have a sustained viral response to treatment. Funding is provided to fund improved treatment of this disease. (General Fund-State, General Fund-Federal)

Delay of ICD-10 Modifications

ICD-10 is the tenth revision of the International Statistical Classification of Diseases (ICD), a medical classification list that standardizes codes for diseases, symptoms, injuries, and medical procedures. These codes are primarily used by hospitals to document diagnoses, symptoms and procedures performed. Funding is adjusted due to a delay in ProviderOne system modifications for ICD-10 compliance. (General Fund-Federal, Medicaid Fraud Penalty Account-State)

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Support Health Benefit Exchange Shared Costs

The Health Benefit Exchange operates and maintains the Healthplanfinder (HPF) website and supporting systems that determine eligibility and enrollment for applicants of subsidized health care coverage. With implementation of the Modified Adjusted Gross Income (MAGI)-based rules for Medicaid eligibility determinations, eligibility records for over 1.4 million Medicaid and Children's Health Insurance Program (CHIP) clients are now maintained through the HPF website and other related systems. Funding is provided to meet anticipated Medicaid-related costs for operation and system maintenance. (General Fund-Federal, Health Benefit Exchange Account-State)

Moore, et al. v. HCA Litigation

Funding is provided to support legal services provided by the Attorney General's office in response to two major class action lawsuits entitled Moore, et al. v. HCA and Moore II v. HCA. (State Health Care Authority Administrative Account-State)

Support Health Homes Strategy

The Health Home program is the bridge to integrate care within existing care systems for high-risk, high-cost adults and children, including dual eligibles. Funding is provided to continue services for Phase I of this program. (General Fund-State, General Fund-Federal)

Washington Health Benefit Exchange Operations

The Health Benefit Exchange provides a central marketplace for individuals, families and small businesses in Washington to purchase free or low cost health insurance. Funding is provided to maintain current operations, to improve customer experience, to retain current enrollees, and to generate an additional 200,000 health plan enrollments. (General Fund-Federal, Health Benefit Exchange Account-State)

Purchase Vaccines for Childrens Health Program Enrollees

The department is provided funding to work with the Department of Health to acquire vaccines for undocumented children enrolled in the Children's Health Program (CHP).

Mandatory Caseload Adjustments

The 2015 supplemental budget aligns projected costs based on changes identified in the October 2014 caseload forecast. Current funding is based upon the February 2014 Medical Assistance caseload forecast. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

Federal Funding Adjustment

Adjustments are made between federal fund source types within the current General Fund-Federal authority to allow the Health Care Authority to accurately reflect anticipated federal funds in fiscal year 2015. (General Fund-Federal)

Community Health Centers

Initiative 502, passed by voters in 2012, authorizes the regulation, sale and taxation of marijuana for adults over the age of 21. Funding is provided for primary health and dental care services, migrant health services and maternity health care services through contracts with community health centers, as authorized by the initiative. (Dedicated Marijuana Account)

SUPPLEMENTAL BUDGET

Agency Efficiency Savings

The Legislature directed the Office of Financial Management to reduce agency allotments in the 2013-15 biennium to reflect efficiency savings. Fiscal year 2015 appropriations are reduced in affected agency budgets to reflect these reductions.

Central Services Efficiency Savings

The Legislature directed the Office of Financial Management to reduce agency allotments in the 2013-15 biennium to reflect efficiency savings. Fiscal year 2015 appropriations are reduced in affected agency budgets to reflect these reductions.